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## INCREASED EFFICIENCY AS A RESULT OF INCREASED GOVERNMENTAL FUNCTIONS

BY RALPH E. GEORGE,

Department of Economics and Business, Whitman College, Walla Walla, Wash.

Efficient administration of public affairs is dependent upon three factors: first, popular demand for efficiency; second, employment of trained managers, and third, responsibility of public officials to the voters. Of these three, the public demand for efficient administration is fundamental. The average man, whether the employee of public or private concerns, feels slight desire to secure maximum efficiency when his employers do not demand it. On the other hand, if his employers require him to prepare his work efficiently, he will do so. The usual office holder does what he has to do and little more. In order, therefore, to secure in public affairs economical management of the kind which gives a dollar's worth in goods or service for every dollar spent, the employers must want efficiency. Since the voice of public opinion rules America, popular sentiment, expressed through elections, must call for able and economical management if the public's business is to be well done.

Nevertheless, public demand will fail to secure the desired effectiveness in government management unless competent methods of administration are used. In modern business, the whole machinery of scientific management has been built upon two principles: first, the ablest managers must be trained and employed; and second, these managers must be strictly responsible to their employers. The adoption of these principles is as essential to the success of public undertakings as to that of private enterprises. If the people expect to secure good management, they must employ good managers who have been rendered expert by long and rigorous training. The most eager popular desire for efficient public administration will fail to secure the fulfillment of its wishes unless the ablest men attainable are directing the public business.

Even the employment of able managers, however, will be insufficient if the public cannot hold its employees strictly responsible

for every act. The operation of scientific management in corporate affairs has clearly shown that the best results are obtained from the strict responsibility of all officials to their superiors. Criticism from superiors has proved a salutary spur to greater efficiency. Unless public employees are subject to similar responsibility; unless they are rigidly accountable for their actions to the public, the management will not attain the highest efficiency. Such, then, are the essentials of efficiency in government administration: first, an intelligent popular demand for efficiency; second, the employment of trained, able managers; and, third, responsibility of the managers to the people. But in the past these essentials have been sadly lacking. It is not surprising that the people were not interested in efficiency, for they were absorbed in the attainment of honest government. In the cities, the states, and the federal government, rogues and corrupters seemed omnipotent. The period from the end of the Civil War to the opening of the twentieth century displayed alarming bankruptcy in the national morals. The first centennial of the United States was celebrated in the midst of startling disclosures of corruption, defalcation, and perjured trust in local and national governments. The Tweed ring, whiskey frauds, credit mobilier, Nebraska frauds, and many other instances of corruption indicated the general demoralization.<sup>1</sup> To conquer this canker the people bent their energies, striving to enforce the adoption by public servants of higher moral standards. The election of honest men was the desired achievement and the day is not long past when the prefix "honest" would elect men to office. The prevention of corruption, not the establishment of economical management, has been the great task confronting the American people.

It is also to be noted that, had the voter been interested in efficiency, his lack of knowledge concerning the business of the state would have rendered his desire ineffective. Criticism of the administration, the only way whereby the voter can enforce efficiency, requires thorough knowledge of what the government is doing and of what constitutes efficiency. With regard to the voter's ignorance of these matters the National Tax Association's Committee on expenditure says:

<sup>1</sup> *Vide* Dunning, *Reconstruction, Political and Economic*, chapters 13, 14.

The electorate must pass judgment upon the work which its servants do. It does not have this knowledge, the legislature does not have it. Electors vote and the legislature passes appropriation bills without authentic facts before them. Ignorance of public work, its difficulties, its effects, and its cost; and indifference—the product of ignorance—are probably the most fundamental causes of inefficiency in public service.<sup>2</sup>

Unable to secure (from the reports of public officials) any valuable information as to where the money went, the inquiring voter has been further handicapped by the lack of definite standards of efficiency with the result that the better class of voters has been absolutely unable to submit the administration to the test of criticism. If the better educated citizens were helpless, conditions were much worse in the case of the majority of the electorate. The combined influence of insufficient knowledge added to the distraction resulting from widespread corruption rendered the people helpless and uninterested in the effort to secure greater efficiency.

It is natural that the general failure of the public to demand efficiency was accompanied by defective methods of administration. The expert essential to efficient administration was almost unknown in public life. He has been opposed by the spirit of localism in America which would forbid the employment of the outsider. So marked has been this spirit that recently, in the city of Philadelphia, the grand jury criticised the administration for employing capable men not residents of the city.<sup>3</sup> To the support of this attitude has come the political organization, interested in maintaining its power built upon the gift of offices, and recognizing that the employment of experts would not only displace political appointees, but would, by eliminating sinecures, make those politicians still in the public service perform satisfactory work. Against the politician the expert has made little progress. Furthermore, out of this discouraging condition has come another handicap. The unpromising future of the expert in government work has deterred many from preparing themselves for such service, with the result that the limited supply of trained public servants has precluded any widespread employment of experts.

It is not only by the failure to employ experts that efficient

<sup>2</sup> *Vide* Eighth National Tax Conference, p. 367 ff.

<sup>3</sup> *Vide* Clyde L. King, "The Appointment and Selection of Government Experts," in *National Municipal Review*, Vol. III, p. 304.

administration is hindered. The principle that responsibility of employees to employers is essential to good management has been continually forgotten. If public officers are to be held responsible to the public for their administration, they must have the power to direct their work. But under the American system, no official has had sufficient power. The National Tax Association's Committees says:

a fundamental defect is found in the diffusion of power and responsibility. The people elect a legislature to carry out their will and then ordinarily split it into two parts in order that the one may check the other. Executive officers are then also elected, taking their mandate from the people to check and to be checked by the legislative houses. Above all the courts and a constitution often operate to further check the others. This is government for impotence, not for results. —If the people want little done and that little done in an expensive way, we have developed a marvelously effective way of satisfying the people's desires.

Diffusion of responsibility is to be found throughout our system. Disunity of control prevents concentration of authority and responsibility. In Minnesota there are about seventy-five separate heads of administration.<sup>4</sup> In New York state over one hundred fifty were counted.<sup>5</sup> Conflicting jurisdictions and unnecessary directors have sapped the power of officials and made impossible the enforcement of responsibility of public managers to the people.<sup>6</sup>

In the past, then, these three factors—ignorance and indifference of the people; failure to employ experts; and an organization under which responsibility could not be enforced—have resulted in costly inefficiency. With such conditions prevailing, the functions and resulting costs of the government have been rapidly growing. The cost of the national government has increased over 50 per cent in ten years.<sup>7</sup> The states have in the same time increased their expenditures nearly 100 per cent.<sup>8</sup> The cities spent 45 per cent more in 1913 than in 1902.<sup>9</sup> This marked increase in the cost of government finally started the movement

<sup>4</sup> *Vide Preliminary Report of the Efficiency and Economy Commission of Minnesota.*

<sup>5</sup> *Vide Municipal Research*, June, 1915.

<sup>6</sup> *Vide* Morris L. Cooke, "Scientific Management of the Public Business," in *American Political Science Review*, Vol. IX, p. 488.

<sup>7</sup> *Vide United States Census, Wealth Debt, and Taxation*, Vol. II, p. 33.

<sup>8</sup> *Vide supra*, Vol. II, pp. 34-35.

<sup>9</sup> *Vide* Ralph E. George, "Rapid Increase in Municipal Expenditures," in *National Municipal Review*, Vol. IV, p. 611.

which is now radically attacking the inefficiency of government. Criticism of the inefficiency of American administration had for a long time been expressed by prominent publicists such as President Wilson and President Lowell of Harvard. Yet this criticism failed to take effect until the enlarged cost of government jolted the American public into a partial realization of the insecure foundation upon which our administration is founded.<sup>10</sup>

Of the various public forces aroused by this high cost of government the most important is undoubtedly the taxpayer. The self interest of the property owner, stirred by the ever increasing taxes and by the fear of worse to come, has been exerting itself to secure greater efficiency as a method of preventing further increases in the tax burden. Chambers of commerce and other business men's bodies have appointed committees on taxation and expenditures to secure remedies for the present situation. In the city of Spokane, the committee of the chamber met almost daily this last fall with the city council for an examination of the budget. Under the stimulating criticism of these representatives of the city's business men, the officials found themselves forced to show where and why each dollar was spent. Not only did the city fathers recognize more clearly their obligations as a result of such sessions, but the business men were better qualified to demand and to recognize efficiency, and through these few representatives the whole body of business men in the city was educated. The experience of Spokane could be duplicated in many another city of the United States. In the states, also, chambers of commerce are doing excellent work. Especially evident is the case of such organizations as the Ohio Chamber. The business men have not stopped, however, with their own organizations. Strong taxpayers' associations have been organized in many states for the purpose of studying the organization and costs of government, disseminating the information secured, and directing a campaign for administrative efficiency. In the state of Washington, numerous local taxpayers' associations have been organized and federated into a state league. Several of these local organizations have mustered sufficient strength to force a reduction of the tax rate and on certain occasions have even defeated proposed bond issues. At the recent meeting of the

<sup>10</sup> *Vide* Frederick A. Cleveland, "Evolution of the Budget Idea in the United States," in *The Annals of the American Academy*, November, 1915, p. 15.

National Tax Association, furthermore, several state taxpayers' organizations were represented by their officers.

But the commercial opponents of high taxation have found themselves unable to secure sufficient information of what the government services cost and what the same services efficiently performed should cost. To satisfy this want, prominent property owners have met the expenses of organization and maintenance of the modern bureaus of research. The first bureau in this field, that of New York, has proved invaluable in the campaign for greater efficiency. The taxpayers of New York and other cities have been given a liberal education in municipal finance by this bureau. The success of the New York Bureau has resulted in the establishment of over a dozen similar research bureaus by business men of the cities and the number is constantly increasing. Recently the manager of the Chamber of Commerce of Portland recommended that its members establish such a bureau for the purpose of securing greater efficiency in city government. The movement is extending even into the states, where similar organizations are now being established at the demand of the taxpayers. The recommendations of the bureaus, moreover, are given cordial support by the taxpayer. The dissemination of information and the campaign for greater efficiency are strongly waged by the taxpayers. Out of this support has come the municipal budget exhibit, designed to popularize knowledge of government, its costs, results and needs. This last fall the expenses of a budget exhibit for the city of Spokane, attended by over one-third of the voting population, were paid by the Chamber of Commerce. At the present time the president of the National Chamber of Commerce is directing a nation-wide fight for the adoption of a budget by the federal government and for the introduction of greater efficiency into the federal administration. The increased cost of the various organizations of government, then, has aroused the business men to fight for greater efficiency, using for this purpose their old organizations, taxpayers' associations and bureaus of research, and endeavoring thereby to secure the widest possible education of the voters on all matters pertaining to finance and administrative efficiency.

Part and parcel of this same movement of taxpayers is the fight being waged by the large corporations. Officers of the railroads, especially, facing the difficulty of paying dividends at a

time when taxes are taking an ever larger proportion of the revenues, are, in desperation, striving to arouse their stockholders to a realization of what increasing taxes mean to them in the form of lessened income. But even more important than the appeal to investors is the interest aroused among shippers by the demand of the railroads for higher rates to pay the increased taxes. In the recent appeals of the railroads for higher rates (to the Interstate Commerce Commission), the argument was advanced by the companies that they were entitled to higher rates because taxes among other expenses had prevented their earning a fair return upon their investment. This argument has brought home to many shippers in a new form the cost of government and has greatly increased their interest in the efficiency of government.

This opposition to higher taxes on the part of the property owner has, moreover, placed the public official in a difficult situation. On the one hand the citizens are demanding more service, while on the other taxpayers demand lower taxes. Both sets of demands must be satisfied, in part, at least, if the official is to hold his position. But the only way in which both of these conflicting desires can be gratified is by greater efficiency on the part of the office holder. The treasurer of a large county remarked recently that his office was doing more work than ever before and at the same cost. In his words, "they had to, if they wanted a job." The screws have been turned on the office holder by taxpayers and consumers of the public service.

By these various methods the taxpayer is making himself heard. Indirectly, moreover, another force has been focused upon the efficiency problem. The increasing taxes caused so many administrative problems that in 1907 the National Tax Association was organized to seek solutions for the many pressing questions in taxation. Naturally the tendency was for this organization, composed of tax officials and students of taxation, to become interested in the cause of high taxes. While the association was organized primarily for the purpose of securing the better administration of tax laws, this by-product, publicity and discussion of expenditures and public efficiency, has been attracting more and more attention in recent meetings. A committee on expenditures whose report has already been quoted, is directing attention to many of the causes of present inefficiency in the public service.



There are being organized, furthermore, state tax associations, seven of which are now in existence, and all of which are endeavoring to spread greater information concerning the cost of government.

Further consideration of this movement shows that the increasing cost of government has aroused influences other than those primarily interested in taxes. The mere increase in size of public activities has attained widespread attention. In no class has this attention been more prominent than among college educators. College and university professors are devoting much time and effort to discovering the causes of the rapid increase in the cost of government. In the endeavor to ascertain the remedies for increasing taxes they have repeatedly called attention to the need for efficiency. The extension work of modern educational institutions has made possible the wide dissemination of knowledge on the subject of public finance. The old apathy and ignorance of the voter are thus being attacked from another quarter.

More important, however, than the extension work on this subject, is the class room study. Where twenty years ago public finance and administration was seldom taught except in connection with many diverse topics, today this subject is a standard course in the great majority of higher educational institutions. The leaders of the future, so far as they are college men, are being grounded in the essentials of good and efficient government. This form of education, moreover, is in part superior to that maintained by the taxpayer, since the latter cannot do more than point out faults in present administration. The campaign of the taxpayer, desirable though it may be, fails to develop public knowledge upon which the construction of a more efficient administration may be based. The college and the university, in these days of popular education, are able to prepare this foundation. The marked increase in governmental activities, then, by attracting the attention and study of the college, has resulted in a wide and more thorough education in the causes and needs for administrative efficiency.

The increase in public functions, furthermore, has inspired the criticism of administrative efficiency by persons interested in one or more of the new functions. The new activities deal with such diverse questions as land conservation, game protection,

liquor prohibition, protection of women and children, and development of good roads. It should be noted that, before this extension of government took place, the duties of public officials seldom brought them into close touch with the public. Under the present government, however, ramifying into practically every field of activity, the citizen and the official are in close touch. For every new function dealing with questions in which large numbers of citizens are interested, there is greater criticism of the administration. Unnecessary red tape in the preparation of government papers is savagely attacked by the "practical" man. Labor unions interested in the enforcement of labor laws insist upon efficiency in that service. The farmers' organizations of one state eliminated some of the inefficiency in the highways department by their alert watchfulness. The woman's club of one western city started a movement for more efficiency in the penal administration. In the western states criticism of the federal government's unstable administration of the public resources is rampant. The voters of one of the larger cities in the Northwest were enraged by the slowness with which a public utility commission made its report, deciding a local case. In these many ways, the newly expanded government arouses to greater interest formerly dormant groups of citizens. To the increase in public functions is due a greater and more intelligent demand for efficiency than has heretofore existed. On the one hand the taxpayer, alarmed at the prospect of ever increasing taxes, and on the other, the college and the advocate of particular functions, interested primarily in good government and efficient administration, have combined to develop a popular demand for public administrative efficiency.

To change the methods of administration is less easy. Yet here, also, these increased functions of government are bringing beneficial results. For the greater complexity of governmental business and the more technical aspect of the new functions make necessary in many cases the employment of the expert. Forced by utter inability to do some kinds of work, the political appointee has gradually allowed the functionally trained man to enter the public service. In the cities of New York and Philadelphia this change is perhaps most noticeable. But it is more complete in many of the smaller commission governed cities. Here the blighting influence of localism is being more rapidly overcome. In the

highway, water, and health departments the service in some of these cities has been entrusted almost in entirety to technical men. Even an auditor was imported by Spokane from an accounting firm of Chicago. City managers, where this form of government exists, are chosen from a wide field. Not only the city but the state is beginning to depend upon trained men. College professors have been called upon by all the larger states to assist or direct technical departments. In few states would the old type of politician dare to distribute to his followers responsible technical positions according to former fashions. This tendency to employ the expert, moreover, is, through widening the field for employment in public service, attracting to the government a better class of employees. To meet the demand of these men for preparation, universities are giving special courses and new schools are being established. College students are trained for the consular service, direction of state charities, municipal administration, and other branches of government service. It is evident that the increased functions of government, by making administration more difficult, have contributed to a wider use of experts and consequent increase in the number of men trained for such work.

Nor is this the only change in methods resulting from widening public activities. The framework of government is being changed in order that public officials may be held responsible by the voters. The commission form of government, adopted by some sixty cities, and the city manager form, in use in twenty-five cities, are both of the determination to enforce responsibility.<sup>11</sup> The elimination of the party ballot in local elections, accomplished in many states, is another step toward the enforcement of individual responsibility of public officials. The rapid introduction of these changes is due in large part to the greater popular sentiment for administrative efficiency.

The old scheme of government, furthermore, is breaking down under the new burdens. Bryce, writing in 1896, expressed his opinion that the old system "rubbed along because it had little to do." Now it has much to do. The result is friction at all points, inability to accomplish work efficiently, and general demoralization of the government service. So marked has this

<sup>11</sup> *Vide* Richard S. Childs, "How the Commission Manager Plan is Getting Along," in *National Municipal Review*, Vol. IV, p. 371.

hindrance to efficiency become, that even public officers are endeavoring to secure more concentration of power and responsibility. Governor Johnson of California, on taking office finding himself unable to discover what the state was doing, brought about the creation of a State Board of Control having absolute control over the expenditures of the appropriations made for the state departments and institutions. In this way not only was concentration of control secured, but a real state budget, essential to the enforcement of responsibility, was obtained. Somewhat similar legislation has been enacted in other states, notably Ohio and Illinois.<sup>12</sup> The growth of the government business is forcing a change in the organization in order that executives may know what they are doing and the people may be able to fix the responsibility for good and bad acts.

Such have been the results of the increased functions of government. The old conditions, always causing inefficiency, were disclosed by the increased size of operations. So long as the government business was a small scale industry, so long as it did not cost the taxpayer large sums of money to operate, so long as it did not come in close touch with the average citizen, it did not attract attention. The people were not impressed with the importance of efficiency in government. Where they were ignorant they were oftentimes indifferent. But the change in the size of the government's activities has set in motion forces which are rudely shocking the indifferent citizen. The dissatisfaction of the taxpayer, including the large corporations, has been manifested in a campaign of education on public administration and efficiency; the interest of the college aroused by the spectacle of so big a public enterprise has resulted in collegiate study of these problems; the desire of classes interested in some particular function to secure satisfactory results, has broken down much of the old indifference. In place of popular carelessness, is coming an intense public demand for efficiency. And the same influence is changing the old methods of operation through the introduction of experts and through the reorganization of government to secure greater responsibility.

But these changes do not come in a day. The mills of the gods grind exceeding slow. The change of popular opinion is a slow and tedious process, the results of which do not always

<sup>12</sup> *Vide The Annals of the American Academy*, November, 1915, Part II.

appear clear. The effects outlined of increased functions are making themselves most visible in the cities where taxes are higher, government more closely in touch with the people, and the demand of the public for service more emphatic than in the state or national governments. The same forces, however, are gradually extending to the larger, more remote governments. Through these influences the desires of the people are being moulded and finally in the intelligent desires of the people lies the hope of a greater administrative efficiency.